

MR. WALDMANN: Thank you, Mr. Chairman. I have a longer statement for the record which I'd like to submit to the Commission.

My name is Ray Waldmann. I'm Vice President for International Affairs for Boeing Company. And on behalf of Boeing and its more than 200,000 employees, I'd first wish to applaud the U.S. government's establishment of this Commission, and second to thank the Commission for hosting this field hearing in Seattle today.

I must begin by commenting on the recent events of the last 24 hours in Beijing. This enormous breakthrough in relations between the United States and China in setting the course for China's admission to the WTO is an extremely important event.

As our Chairman, Phil Condit, said yesterday, "The agreement to bring China into the World Trade Organization creates an enormous opportunity for American workers and farmers to build a better future for themselves and their families. It opens up vast new markets for U.S. goods and services, and I have supreme confidence that America's highly skilled and productive work force will win substantial new business in those markets in the years to come. Congress must now act with dispatch to grant China the same normal trade status the U.S. has granted to more than 100

other nations so that the U.S. can reap the full
benefits of this market-opening agreement."

As you know, in a few short weeks, this city will be the site for the launch of the Seattle Round of the World Trade Organization. Seattle was selected for various reasons, including its importance as a modern-day global trading center. I have the privilege and honor to serve as the director of the Seattle host organization, and I'll be glad to talk about that if you wish.

Seattle is a major gateway for U.S. exporters and foreign importers, and through this gateway pour billions of dollars worth of products each year from the Boeing Company, Microsoft, Packard, Weyerhaeuser, and other U.S. companies. Billions of dollars worth of agricultural goods also flow through Seattle each year for markets in Asia. In fact, last week the United States Department of Commerce issued statistics showing that the greater Seattle area is now the top exporting metropolitan area in the United States, a total of \$34 billion worth last year.

Mr. Chairman, it's most appropriate that this Commission be here today to hear from interested parties in the matter of reducing the trade deficit in the United States. The United States has a lot in stake. National economies are becoming increasingly interdependent. As a result, U.S. economic performance on the domestic front will be even more dependent in

the years ahead on the world's economic performance. The Seattle Round provides the best opportunity for the U.S. government to create a framework for long-term global economic growth.

Economists predict that international trade directly affects about 30 percent of U.S. gross domestic product, with some sectors of the U.S. economy affected more than others. For the Boeing Company, with some 70 percent of our commercial aircraft revenues typically derived from foreign airlines. In 1998 the new Boeing Company generated nearly 50 percent of its revenues, \$26.5 billion, from exports, not only of commercial aircraft, but also military aircraft and space-related products and services. This represented nearly three percent of all U.S. exports in 1998. For Boeing the importance of international trade cannot be exaggerated.

Despite the fact that trade has never been more important to this nation's economic growth, some people continue to question the wisdom of our government's efforts to liberalize trade. I understand that their concerns are based in part on whether the benefits of trade are broadly shared around the world and whether U.S. firms, workers, and the environment are actually benefiting from trade agreements. These are legitimate concerns and need to be addressed. In

fact, they must be addressed if we are to work together to build a national consensus for trade and fuel the nation's economic growth.

It is very important for everyone to fully appreciate the beneficial aspects of international trade for the American worker. Approximately 12 million U.S. jobs, nearly 10 percent, are directly linked to exports. These jobs typically pay between 13 and 16 percent more than the average worker is paid. And despite what some people are saying, trade does not just benefit big business. Rather, small and medium-sized businesses reap the benefits as well. They do so either as direct exporters or as part of a larger supply chain to the larger companies doing the exporting.

COMMISSIONER LEWIS: Excuse me. You have two minutes to go.

MR. WALDMANN: Thank you.

Unfortunately, the small and medium-sized suppliers are often invisible to the public. Some suppliers themselves do not appreciate that they are exporters since they are selling their goods and services to U.S.-based companies.

Our government officials must be prepared to enforce existing trade agreements. Compliance with a rules-based trading system is the foundation of the

global economy, and enforcement of the rules is the basis for public trust and support for U.S. involvement in the World Trade Organization processes.

In Boeing's case we find it extremely challenging, to say the least, to try to compete with the treasuries of the four European governments of France, Germany, the UK and Spain, all of which provide financial assistance to Boeing's major commercial aircraft competitor.

Boeing must also finance its development of new aircraft with profits and bank loans at commercial interest rates. Needless to say, the playing field is not level from our perspective.

Mr. Chairman, we have a series of recommendations which are outlined in more detail in my written testimony. They touch on the need for proactive support for new trade liberalization agreements in the WTO; expanding WTO membership to include China; playing a leadership role in regional trade liberalization initiatives; robust funding for the U.S. Export-Import Bank; more judicious application of unilateral export economic sanctions; revamping the U.S. export control system for military and dual-use items; and finally, achieving a more productive international airport and airway system.

Thank you very much for this opportunity to testify.

COMMISSIONER LEWIS: We'll have a chance to get into the details of some of those in the question period. Thank you very much.

Yes, sir.